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A STUDY

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JOINT ECONOMIC COMMITTEE

CONGRESS OF THE UNITED STATES

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Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)

WASHINGTON, D.C. 20510

September 30, 1982

To the Members of the Joint Economic Committee:

I am pleased to transmit herewith a staff study entitled "Trends in the Fiscal Condition of Cities: 1980-1982." This is the third survey in an annual series conducted in conjunction with the Municipal Finance Officers Association.

The Committee acknowledges with great appreciation the assistance provided by the city officials and their staffs in completing the detailed survey.

The study was conducted by Deborah Matz of the Joint Economic Committee staff and John Petersen of the Government Finance Research Center of the Municipal Finance Officers Association. Research assistance was provided by Joseph Kelley of the Municipal Finance Officers Association. The manuscript was typed by Pamela Reynolds and administrative assistance was provided by David Battey of the Committee staff.

Sincerely,

Henry S. Reuss
Chairman
Joint Economic Committee

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PAUL S. SARBANES, MD.

September 28, 1982

The Honorable Henry S. Reuss
Chairman
Joint Economic Committee
Congress of the United States
Washington, D.C.

Dear Mr. Chairman:

Transmitted herewith is a staff study entitled "Trends in the Fiscal Condition of Cities: 1980-1982." The Committee is grateful to Royce Crocker of the Congressional Research Service, Library of Congress, and to Craig Boyle, Cathy Gust and Charles Sprague of the Senate Computer Center for their valuable assistance.

Views expressed in this report are the authors and do not necessarily reflect the views of the Committee or its Members.

Sincerely,

James K. Galbraith
Executive Director
Joint Economic Committee

FOREWORD BY
CHAIRMAN HENRY S. REUSS

On July 9, 1982 the President's National Urban Policy Report was submitted to Congress. Mandated by P.L. 95-128, this biennial Report is required to summarize the significant problems and trends affecting urban areas, to evaluate Federal efforts to meet these problems, to assess current and forseeable urban needs, and to develop and recommend a national urban policy.

The Joint Economic Committee held five days of hearings on July 13, 14, 15, 19, and 20, on the National Urban Policy Report. Over two dozen witnesses, including mayors, scholars, businessmen, investment bankers and community activists testified.

The witnesses agreed that the Report ignored critical urban problems and proposed solutions that were inadequate. (A list of witnesses appears in Appendix I.)

How should we develop a national urban policy?

The Cities' Fiscal Plight

One of the most important considerations ought to be to assure a stable fiscal condition for cities. The Administration's Report, however, neglects the significance of the fiscal crises plaguing so many cities today. On page 2-27, it states:

> Although most of the governmental bodies experiencing fiscal emergencies have been located in older cities with sluggish economic activity, the great majority of cities with the same or very similar economic conditions have not had acute

> financial problems. It is clear that the character and quality of city management serve as powerful intervening forces in such situations.

This assertion, which lays the whole blame for fiscal difficulty at the door of mismanagement, flies directly in the face of the conclusions of this Committee, in its reports on the fiscal condition of cities which the Committee has been conducting for the past several years. The Committee has found that the fiscal health of cities has deteriorated steadily in recent years, in line with deteriorating economic conditions. Last year's report showed that the number and proportion of cities which were running operating deficits had reached crisis dimensions. According to this year's report, five more cities have been added to the list. Now, two out of every five cities surveyed have reported current deficits. For 1982, city revenues are expected to increase by an average of only 1.3%, - a reduction of approximately 6% in real terms - while expenditures are expected to rise an average of 7.8%. City workforces, which according to our past surveys showed little or no growth in 1979 and declined in 1980 have once again declined in 1981 and are expected to decline further in 1982. Philip Braverman, Vice President, The Chase Manhattan Bank, concluded "The problems...are so pronounced that they could conceivably push some tax-exempt entities to or beyond the brink of bankruptcy."

The mayors at our hearings also expressed deep concern about the serious state of urban finance and the need for continued Federal assistance. Mayor Charles Royer of Seattle, Washington, First Vice President of the National League of Cities, testified that

> ...most cities are already facing difficult financial problems because of the early stages of the New Federalism and the continuing recession.

> The cities are already cutting basic services and postponing capital projects that are badly needed.

And Coleman A. Young, Mayor of Detroit, Michigan, and President of the U.S. Conference of Mayors, stated that

> ...during the days of Roosevelt, when we had a crisis in agriculture, alongside the Great Depression, President Roosevelt saw that there could be no stable nation unless there was a stable agricultural system. And so the full resources of the Federal government were thrown into stabilizing agriculture in order to save the nation. Today it seems to me that cities face the same kind of crisis. And this situation demands that the Federal government take the responsibility for stabilizing the cities in order to stabilize the nation.

The Endangered Municipal Bond Market

The President's National Urban Policy Report also ignores the current crisis in the municipal bond market. The costs of borrowing have greatly increased, and in many instances discouraged borrowing altogether. The Report states "there is evidence that state and local governments have improved their financial management skills and, as a result, today are less vulnerable fiscally to reductions in aid and to interest rate changes than they were in the mid-1970's"(2-28). This statement ignores the havoc high interest rates are creating for city officials. According to the Committee's fiscal survey, during 1981, for the 301 cities surveyed, 73 long-term bond issues totalling $685.2 million were delayed or cancelled. 59 of these issues, representing $570 million, were delayed or cancelled due to prohibitively high interest rates.

The witnesses who testified on the outlook for state and local government finance spoke at length about the increasing inability of the bond market to meet the needs of its municipal borrowers, and agreed that

the municipal bond market faced an "impending crisis." Municipal bond interest rates, which skyrocketed as a result of double-digit inflation, were also driven up by the increasing competition from the expansion of the tax exempt market, including Industrial Development Bonds and All Savers Certificates. According to John Petersen, Director, Government Finance Research Center, Municipal Finance Officers Association, $22 billion in new tax shelters have been created with which state and local governments have had to compete in the brief interval that safe harbor leasing has been available. J. Chester Johnson, President, Government Finance Associates Inc., estimated that in recent years the use of industrial development bonds has grown to consume approximately 20 percent of the tax-exempt market.

Municipal bonds have also become less attractive investments for casualty insurance companies and banks, traditionally the largest investors in tax exempt securities. And even for individual investors, the decline in the marginal tax brackets from a maximum of 70 percent to 50 percent and the availability of IRA accounts and All Savers Certificates, have reduced the demand for municipal securities. While these problems have been exacerbated by the current national economic climate, they are chronic problems, and are not likely to be eliminated as the economy improves. According to Mr. Braverman,

> Though yields are now slightly below their highs, this is probably only a temporary respite. Indeed, a number of adverse market factors are likely to push municipal bond yields not only back to highs but to new records.

Governmental Structures

Even when problems were adequately acknowledged, the recommended solutions, where there were any, offered little in the way of real assistance or hope for cities. For instance, the Administration's Report states correctly that "central city fiscal problems may be a product of arbitrary boundaries and inadequate state and metropolitan fiscal equalization policies rather than of insufficient resources"(2-27). The Report, however, recommended neither Federal incentives for action nor disincentives for lack of action. Without these, there is little likelihood that government structures will be reformed. As John DeGrove, Director, Joint Center for Environmental and Urban Programs at Florida Atlantic and Florida International Universities, testified "...efforts at sweeping local government restructuring and reform have not been successful. The typical effort fails." He estimated that in the 20th century, while there were approximately 85 consolidation attempts in 57 places, only about 17 were successful. According to Mr. DeGrove "...what makes them succeed is when states mandate them without a referendum." It seems obvious that the only way to get states to mandate such measures is to require it as the basis for receiving one or more Federal aid programs or continuing Federal assistance. Unless the Administration is prepared to take this courageous action, little can be expected in the way of structural reform.

Urban Infrastructure

Again, in discussing the urban infrastructure, the President's Report touched on a very important and increasingly troublesome problem. Once again, however, the Administration missed an opportunity. The

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Administration's proposed policy consists of one item: to gather and disseminate information about innovative practices to deal with infrastructure problems. This falls seriously short of the mark. The Report stipulates that, "Other aspects of Federal aid remain to be determined."(3-22) Unless the Federal government is willing to make a major financial commitment, other efforts to rehabilitate the seriously deteriorated capital plant of our cities are meaningless.

Survival of the Fittest

The shortcomings of the National Urban Policy Report are not only that it overlooks some problems and fails to develop viable solutions to others. The most serious charge against the Report is the underlying philosophy which distinguishes this Report from its predecessors. The Administration's much publicized draft Report stated that "cities are not guaranteed eternal life." Although this phrase was deleted from the final Report, the message remains. The Report, however, urges cities to "recognize their changing comparative advantages and adapt to the changes that are occurring in regional, national and international economies rather than trying to work against them"(1-11). This advice would surely work for cities with comparative advantages to offer. Those local governments fortunate enough to have strong economic bases, appealing comparative advantages, small concentrations of poverty, a good quality of life, and responsive state governments will undoubtedly be the big winners under the Administration's survival-of-the-fittest approach. Following this logic, other cities are not worth saving. What this overlooks is that our cities, even the most deteriorated, are homes to millions of people, museums, libraries, orchestras, universities. They have valuable infrastructures

in-place. Giving up on cities is tantamount to giving up on our culture and civilization. The Administration, though, has put cities on notice -- the Federal government will not come to their rescue. Instead, the Administration has called upon the states and private sector, themselves struggling for survival, to breathe life into our cities in an effort to sustain them. At a time when our state and local governments are most in need of assistance -- when their economies are being ravaged by high unemployment and interest rates and seriously deteriorated infrastructures -- the Administration has turned its back on the cities and their residents.

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TRENDS IN THE FISCAL CONDITION OF CITIES

By Deborah Matz* and John Petersen**

INTRODUCTION AND CONCLUSIONS

For the past three years the Joint Economic Committee and the Municipal Finance Officers Association have conducted surveys of the fiscal condition of cities. From one year to the next the surveys have not shown a radical reshaping of the fiscal landscape but, rather, have presented essentially the same picture: City budgets under sustained and mounting pressure.

This year the pressures are evidently more intense. Perhaps the most disturbing finding of the report is that for 1982 cities are projecting virtually no growth in revenues. For cities of all sizes, revenues are expected to increase by an average of only 1.3 percent. At present (mid-1982) rates of inflation, this would mean a reduction of approximately 6 percent in real terms. At the same time, however, current expenditures are projected to grow at an average of 7.8 percent, about equal to the anticipated rate of inflation. As a result, cities are increasingly subject to cash squeezes and current deficits. In fact, forty percent of the respondents in 1981 reported that current outlays, including debt service payments, exceeded current revenues. And, on the basis of their projections for 1982, 60 percent could be in such a condition unless

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*Deborah Matz, Economist, Joint Economic Committee
**John Petersen, Director, Government Finance Research Center, Municipal Finance Officers Association

expenditures are reduced or more revenues are raised than were projected. Meanwhile, the cushion provided by carry-over balances (amounts collected in previous years available for future spending) continues to decrease. For most cities, the margin for fiscal error grows thinner each year.

Experience has shown that city officials tend to budget conservatively by overestimating expenditures and underestimating revenues. This may occur once again in the case of 1982 projections. However, national economic conditions have affected city budgets. The current recession has turned out to be both longer and deeper than many were projecting when 1982 city budgets were being prepared. Thus, it is likely that revenue growth will be weak and such conservatism may not have been misplaced. Further, in a recessionary economy, the need to provide social services for unemployed individuals and their families may push expenditure levels in some cities above anticipated levels. But, with stagnant revenues, cities will have too few resources to meet these needs.

Concurrently, interest rates remain at onerous levels. Municipal bond rates now average approximately 11 percent, down from the 1981 Bond Buyer peak of over 13 percent, but still exorbitantly high. During the 1970's the Bond Buyer Index averaged 6.95 percent. Thus, for the $33 billion in long-term borrowing in 1981, municipalities paid almost $200 million more in interest costs than they would have if the same level of borrowing occurred in the 1970's. In addition, according to our survey 59 long-term bond issues totalling $570 million were delayed or cancelled in 1981 due to high interest rates.

A contributing factor to squeezed municipal budgets is the cutback in Federal aid. For all cities surveyed, Federal aid for current operating

purposes fell on average by 1.8 percent in 1981. However, increased state aid -- combined with sharply increased property tax and user charge revenues -- helped to ease the transition to lower levels of Federal aid. While past state action has helped, currently states, too, are faced with serious fiscal problems and it is does not appear that increased assistance to local governments can be continued. For 1982, the city respondents project an increase of only 1.2 percent in state aid, roughly equivalent to the meager growth in their own revenues.

Despite the fact that overall city government revenues are expected to remain virtually constant in 1982, to compensate for reduced Federal aid revenue from other local taxes and user charges is expected to increase substantially. Aside from the regressive nature of these revenues, such increases come at the very time when the local and national economies are in need of stimulus. Thus, in the current recession, local government behavior (and state government as well) has hampered, and will continue to dampen, recovery.

In the much-publicized area of capital investment, the survey found that cities curbed their capital outlays between 1980 and 1981 and were having obvious problems in realizing their capital budget plans. While capital spending projections for 1982 were optimistic, the history of overestimating such outlays, cutbacks in Federal aid, and bond market disruptions all argue for continued shortfalls in this area.

The major findings of the survey are as follows:

1. Two out of every five cities surveyed reported that current operating outlays and debt service payments exceeded current revenues and receipts in 1981. 59 percent are projecting current deficits for 1982.

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(Because most cities are prohibited from running deficits, discretionary actions such as tax rate hikes or service reductions, are usually implemented to prevent or minimize their occurrence).

2. The largest increase in cities experiencing current deficits occurred in small cities. Of the 108 small cities surveyed, 48 are running current deficits, compared to 41 in 1980. The largest proportion of cities in deficit is found among the largest cities. Almost 47 percent of these cities reported such deficits in 1981 and 63 percent foresee them for 1982.

3. In 1981 the average increase in current expenditures for all cities (8.9 percent) exceeded the average increase in current revenues (8.5 percent). This generalization holds true for all size categories except the largest cities, where revenue growth exceeded expenditure growth by 1.1 percent.

4. Continuing previous trends, the largest percentage increase in revenues in 1981 was from user charges (15.0 percent) which are levied for the use of public facilities such as libraries, swimming pools, parks, etc.

5. In a reversal of last year's survey, state aid was among the fastest growing components of total revenue growth in 1981. The growth in state aid averaged 10.2 percent for all cities. In addition, the growth in property taxes increased by an average of 10 percent for all cities last year.

6. Property taxes, the largest single source of city own-source local revenue, continued to increase slowly as a share of local revenues in all categories of cities except the largest cities in 1981. For all cities, property taxes increased from an average of 30.9 percent in 1980 to 31.3

percent in 1981 as a proportion of total current revenues. In addition, reliance on user charges increased for all categories of cities from 5.9 percent to 6.3 percent of total revenues.

7. In 1981, Federal aid as a proportion of current revenues fell for all cities from an average of 9.8 percent to 8.9 percent. The greatest loss was in the largest cities, where it fell from 16.0 percent to 14.7 percent of total revenues.

8. For fiscal year 1982, cities have projected virtually no growth in current revenues. For all cities, revenues are expected to increase by an average of 1.3 percent. At the same time, for all cities expenditure growth is projected to average 7.8 percent.

9. For every category of current revenues, cities see much slower growth -- or decline -- in 1982. Cities are projecting that property taxes will grow only 3.4 percent. Federal aid is expected to drop by 12 percent. The growth in state aid is also seen as slowing down abruptly. It is anticipated that other local taxes and user charges will play a more prominent role in local government finance. Overall, cities are becoming more dependent on their own sources as the share of intergovernmental assistance ebbs.

10. Cities continue to have trouble following through on their capital spending plans. Capital spending for general government purposes dropped in 1981 for all except small cities. In 1981, cities realized only 60 percent of the spending they had budgeted for capital purposes. Cities are again planning a major increase in capital spending for 1982 (up 30 percent, on average), but the poor track record in realizing planned levels makes achievement of the budgeted levels dubious.

11. Capital spending has shown a somewhat greater reliance on borrowing and a lessening dependence on Federal aid, but no dramatic changes have been detected as of yet. Overall, borrowing represents 30 percent of capital funds, intergovernmental aid about 30 percent, and current revenues and reserves, 40 percent.

12. City enterprises, which are self-supporting activities usually financed by user charges, continued to grow rapidly in 1981. However, growth in operating revenues is lagging behind that of operating expenses, on average. As a result, operating ratios are projected to be under increased pressure for cities of all sizes in 1982. Capital spending, which jumped significantly in 1981 (by 26 percent), is slated to retreat in 1982. Poor bond markets, tightening operating ratios, and reductions in Federal aid are all likely contributing factors to the projected decline in capital spending by enterprises.

13. City long-term indebtedness has grown slowly over the past three years with that for enterprise purposes typically increasing faster than that for general government purposes. Enterprise indebtedness, after a surge of borrowing for such purposes in the late 1970's and 1980, appears to be slowing up, in keeping with the retrenchment in capital spending plans.

14. Bond market difficulties over the past year clearly disrupted many city borrowing plans. For the year 1981, 26 respondents reported delays or cancellations of 59 bond issues because of high and rising interest rates. The total of $570 million in side-tracked city borrowing was equivalent to 15.5 percent of the $3.1 billion in long-term borrowing that respondents actually accomplished in their respective 1981 fiscal years. (Excluding

New York City's large borrowing of that year, the percentage would be 24 percent.) General obligation bonds proved to be much more susceptable than revenue obligations to delays and cancellations because of adverse credit market conditions.

15. Total employment for all cities declined by an average of slightly less than one percent in 1981. The largest declines were in the medium and large cities. Full-time employment held fairly steady, but part-time workforces were reduced sharply -- an average of 14.8 percent. This trend is expected to continue in 1982.

METHODOLOGY

Cities -- like other governments -- typically keep their books and control their activities through a series of funds. Because of this, it is frequently difficult to get a comprehensive picture of their financial activities unless special pains are taken to recognize the accounting and programmatic distinctions among groups of funds. The survey attempted to simplify some of these difficulties by asking cities to consolidate their finances into two major groups: first, the finances of "general government" -- activities that are typically supported by general revenues (primarily taxes) -- and second, the "enterprise" activities that are run largely on a self-supporting basis through the "sale" of certain goods and services by means of user charges and fees. Within the general government accounting structure, capital outlays and debt transactions are frequently carried on through separate funds, often with receipts that are restricted to those purposes.

To develop estimates of overall financial operations and conditions, certain simplifications and consolidations were necessary. These were largely left to the respondents to perform, relying on a set of careful definitions to guide their judgments as to the most appropriate categorization and compilation (see Appendix III). Therefore, while the individual financial items should be generally comparable among cities in the survey, they may not be directly comparable to figures reported elsewhere regarding city finances, including the cities' own financial reports.

This survey was mailed to 594 cities with populations of 10,000 or more. Throughout, the data are reported on the basis of city size. To enhance comparability, data are reported on a per capita basis, where feasible.

Survey Sample and Responses

City Size	Surveyed	Responded
SMALL (10,000-49,999)	299	117
MEDIUM (50,000-99,999)	130	66
LARGE (100,000-249,999)	110	71
LARGEST (250,000 and over)	55	47
TOTAL	594	301

A list of the respondents is found in Appendix II. All data have been compiled in accordance with the fiscal year of the reporting jurisdiction. Throughout, all references to years refer to fiscal years. Because the survey was mailed in the Fall, 1981, and some cities have fiscal years which end with the calendar year, 1981 "actual" data may, in some instances, represent estimates. In all cases, 1982 data represent budgeted and anticipated outlays. All per capita amounts in this report are based on 1980 population data.

Further, data for "all cities" have been calculated as the simple average of per capita amounts for responding cities. (For a discussion of the measure used and other measures of activities, see Appendix IV.)

Finally, all references to the rate of inflation are based on the average implicit GNP price deflator for the state and local sector. For the calendar years 1980 to 1981 the rate of growth in the deflator was 8.7 percent. Judging by trends through the second quarter of 1982, it appears the change between 1981 and 1982 will be approximately 7.4 percent.

GENERAL GOVERNMENT OPERATING REVENUES AND EXPENDITURES

The first set of survey questions related to a combined statement of each city's general government current operating receipts and current expenditures. Normally, most general government expenditures and receipts will be contained in the city's general fund. However, because of different accounting structures and service responsibilities, general government activities may be accounted for in a variety of other funds. Therefore, governments were asked to combine all city funds except enterprises (or special utility funds), intergovernmental service funds, and those trust funds for which the city acts only as a fiduciary. The questionnaire asked for a breakdown of current receipts by major types of taxes and other current revenues from own sources, and those state and federal grants used for current operating purposes (as opposed to capital outlays). The desired result was for a complete picture of those revenues used to provide current city expenditures (as opposed to their capital outlays).

In addition to the current expenditures, cities were also asked to give their outlays for debt service. Although the repayment of principal in yearly debt service does not constitute a current operating expenditure, as a practical matter, such payments usually are made out of current revenues. Since these contractural commitments are not postponable, they constitute an ongoing drain on current revenues, as do most current operating costs.

For the average of all cities, the increase in current revenues and expenditures just about kept pace with the rate of inflation between 1980-1981. Expenditures exceeded the inflation rate by 0.2 percent, while

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revenues fell short by the same margin (see Table 1). However, in both the small and large categories, expenditures increased more rapidly than revenues in this period. For 1982, a virtual standstill in revenue growth is predicted by the respondents. The average increase projected for all cities is 1.3 percent. (This includes large cities which are projecting that revenues will increase by only 0.1 percent.) In real terms, therefore, revenue levels in cities are expected to decline by approximately 6 percent, given present price trends in the state and local sector.

At the same time, all categories of cities are anticipating that expenditure growth will significantly outpace the increase in revenues. For all cities the average increase in expenditures is expected to be 7.8 percent in 1982, slightly greater than the rate of inflation.

Current Surpluses and Deficits

Table 2 classifies cities by current surpluses or current deficits per capita. The surplus or deficit was determined by subtracting current outlays from current revenue. (As noted, current outlays include long-term debt retirement.) Approximately 2 out of every 5 cities surveyed experienced such deficits in both 1980 and 1981. The largest city category had the largest proportion of cities in deficit: 21 of the 43 cities surveyed were in deficit in 1980 and 20 in 1981. This figure is anticipated to increase to 27 in 1982, or 63 percent of those responding.

The largest increase in cities experiencing operating deficits occurred in the small city category. Between 1980 and 1981 the number of cities in

TABLE 1

CURRENT REVENUES AND CURRENT EXPENDITURES
PER CAPITA
BY CITY SIZE

	1980 (Actual)	1981 (Actual)	1982a	% Change 1980-1981	% Change 1981-1982
Small Cities (n=110)					
a. Revenues	$291.00	$314.00	$317.00	7.8%	1.0%
b. Expenditures	$274.00	$297.00	$327.00	8.7%	9.8%
Medium Cities (n=65)					
a. Revenues	$343.00	$376.00	$381.00	9.4%	1.3%
b. Expenditures	$322.00	$352.00	$385.00	9.3%	9.5%
Large Cities (n=67)					
a. Revenues	$366.00	$398.00	$397.00	8.4%	0.1%
b. Expenditures	$359.00	$395.00	$416.00	10.0%	5.2%
Largest Cities (n=44)					
a. Revenues	$503.00	$547.00	$562.00	8.6%	2.8%
b. Expenditures	$497.00	$534.00	$677.00	7.5%	6.5%
ALL CITIES (n=286)					
a. Revenues	$353.00	$383.00	$388.00	8.5%	1.3%
b. Expenditures	$339.00	$369.00	$398.00	8.9%	7.8%

1982a = budgeted or anticipated amounts for Fiscal Year 1982

TABLE 2
ACTUAL AND ANTICIPATED
CURRENT SURPLUS AND DEFICIT
BY CITY SIZE

	1980 Budgeted	1980 Actual	1981 Budgeted	1981 Actual	1982 Budgeted
Small Cities: (n=108)					
a. Avg. Surplus or Deficit Per Capita	$-2.00	$18.00	$-5.00	$17.00	$-9.00
b. No. Cities in Surplus	40	67	42	60	43
c. Surplus/Expenditures	13.7%	15.8%	10.6%	13.4%	10.2%
d. No. Cities in Deficit	68	41	66	48	65
e. Deficit/Expenditures	-10.7%	-9.7%	-11.5%	-8.1%	-11.7%
Medium Cities (n=65)					
a. Avg. Surplus or Deficit Per Capita	$4.00	$21.00	$3.00	$24.00	$-4.60
b. No. Cities in Surplus	29	49	30	49	32
c. Surplus/Expenditures	17.9%	18.1%	16.3%	17.0%	13.3%
d. No. Cities in Deficit	36	16	35	16	33
e. Deficit/Expenditures	-9.8%	-11.8%	-10.8%	-11.4%	-13.1%
Large Cities (n=66)					
a. Avg. Surplus or Deficit Per Capita	$-14.00	$7.00	$-8.00	$2.00	-$18.00
b. No. Cities in Surplus	26	39	27	40	25
c. Surplus/Expenditures	10.4%	13.4%	7.7%	11.1%	8.1%
d. No. Cities in Deficit	40	27	39	26	41
e. Deficit/Expenditures	-11.5%	-10.3%	-8.2%	-10.3%	-9.8%
Largest Cities (n=43)					
a. Avg. Surplus or Deficit Per Capita	$-1.00	$6.00	$-3.00	$13.00	$-6.00
b. No. Cities in Surplus	18	22	18	23	16
c. Surplus/Expenditures	11.4%	10.8%	9.1%	10.5%	8.6%
d. No. Cities in Deficit	25	21	25	20	27
e. Deficit/Expenditures	-8.4%	-7.3%	-8.4%	-7.4%	-8.1%
ALL CITIES (n=282)					
a. Avg. Surplus or Deficit Per Capita	$-3.00	$14.00	$-3.00	$14.00	$-10.00
b. No. Cities in Surplus	113	177	117	172	116
c. Surplus/Expenditures	13.6%	15.3%	11.0%	14.0%	10.4%
d. No. Cities in Deficit	169	105	165	110	166
e. Deficit/Expenditures	-10.3%	-9.7%	-10.1%	-9.01%	-10.9%

deficit increased from 41 to 48 of 108 cities. Moreover, 65 small cities are anticipating operating deficits in fiscal year 1982.

For the 282 cities surveyed, the number in surplus decreased from 177 to 172 in 1981. In addition, the ratio of the surplus over expenditures declined from 1980 to 1981 for cities in each size category; the largest decline occurring in the small cities. With the exception of the small cities, the proportion of cities in surplus and in deficit remained relatively constant between 1980 and 1981.

The existence of a short-fall between current revenues and outlays is not necessarily troublesome if cities can carry-over balances from previous revenues to fill the gap. Such carry-over balances, thus, provide a margin of safety if sudden shocks (revenue shortfalls or expenditure upsurges) are encountered. Although there is no hard and fast rule, it is often asserted that an unobligated carry-over balance should not fall below 5 percent of current outlays and should be relatively larger, the smaller the government.

The questionnaire asked respondents to indicate the carry-over balances available to support current spending. The results showing carry-over balances both in per capita terms and as a percent of current outlays are shown in Table 3. (It should be noted that the reported carry-over balances in many cases may reflect obligated funds, and thus would not be generally available to meet current outlays.) For the years 1980 and 1981, carry-over balances as a percentage of current outlays decreased for all but the medium-sized cities. All size cities foresee a drop in carry-over balances for 1982, with particularly sharp slippages in the medium and large size cities.

TABLE 3

GENERAL GOVERNMENT
CARRY-OVER BALANCES
PER CAPITA AND AS A PERCENT
OF CURRENT OUTLAYS 1/

City Size	1980	1981	1982a
Small Cities (n=110)	$30.65	$32.12	$31.26
	11.2%	10.5%	9.8%
Medium Cities (n=65)	31.09	39.23	33.29
	9.6	11.1	8.6
Large Cities (n=67)	36.45	33.96	28.55
	10.1	8.6	6.9
Largest Cities (n=43)	37.53	38.46	37.23
	7.5	7.2	6.5
ALL CITIES (n=286)	33.17	35.14	32.00
	10.2	9.5	8.0

1982a = budgeted or anticipated amounts for fiscal year 1982.

1/ Includes current operating expenditures and debt service.

As has been common in the past, the number of cities anticipating deficits for 1982 is considerably higher than those that actually were in deficit in 1981. This may be attributable to conservative budgeting practices. According to Table 4, with the exception of cities in the large category, actual current expenditures were typically less than budgeted expenditures in both 1980 and 1981. Actual current revenues, on the other hand, exceeded budgeted amounts for all cities in both 1980 and 1981. The large cities, however, tended to underestimate current expenditures, thus leaving less of a buffer between them and underestimated revenues.

As noted above, budgeted figures tend to be conservative; with revenues typically underestimated and expenditures overestimated. However, national economic conditions have affected city budgets. The recession has hit cities harder and lasted longer than many anticipated. Extraordinarily high unemployment rates in some cities are likely to push social service expenditures beyond anticipated levels, while the continuation of unprecedented interest rates has cost cities more in debt service (where borrowing has continued) than was predicted. Not only will expenditures likely exceed budgeted amounts, but revenues may fall short. Combined with the likelihood that the growth in state aid will be much smaller than anticipated as a result of the serious fiscal condition of many states, income-based taxes will grow slower than anticipated due to the recession. Thus, municipal budgeting for 1981 and 1982 may well prove more accurate than conventional past experience has led us to expect. The budgeted deficits in Table 2 should, therefore, be considered with this in mind.

TABLE 4

ACTUAL EXPENDITURES* AND RECEIPTS
AS A RATIO OF
THOSE BUDGETED FOR GENERAL GOVERNMENT
CURRENT OPERATING PURPOSES

City Size	Actual/Budgeted Current Expenditures		Actual/Budgeted Current Revenues	
	1980	1981	1980	1981
Small Cities (n=108)	0.989	0.978	1.070	1.054
Medium Cities (n=65)	0.973	0.968	1.056	1.051
Large Cities (n=66)	1.005	1.013	1.059	1.049
Largest Cities (n=42)	0.991	0.975	1.013	1.009
ALL CITIES (n=282)	0.990	0.984	1.056	1.046

*Excluding debt service.

Changes in Current Revenues

Growth in total current revenues in 1981 kept pace with inflation for three of the four categories of cities according to Table 5. In a reversal of last year's survey which found state aid to be the slowest growing component of city revenues, this year it was among the most rapid. For all cities, the growth in state aid (10.2 percent) was second only to the growth in revenue from user charges (15.0 percent) and was almost identical to the growth in property tax revenues (10.0 percent). Increases in state aid were largest in the small cities (13.0 percent) and smallest for medium cities (4.4 percent). With the exception of small cities, all city categories realized an absolute loss in Federal aid in 1981.

As indicated above, total current revenue growth for 1982 is expected to be virtually flat. A major slow-down is foreseen in property tax collections, perhaps reflecting the depressed conditions in the real estate market. The anticipated reduction in Federal aid is so substantial (down 12 percent on average), that just to maintain current revenue levels will require relatively sharp increases in other local taxes and user charges. For 1982, state aid is anticipated to decline in small cities, to increase slightly in other city categories, and to grow by only 1.0 percent on average.

The need to compensate for this net loss of revenues will continue to put pressure on local officials to reverse efforts to limit local tax growth and rate increases. For 1982, other local taxes are expected to be the largest source of revenue growth for all but medium cities.

In percentages, the largest increase in revenue in 1982 in the smallest cities is projected to be other local taxes (7.2 percent); in medium

TABLE 5

CURRENT GENERAL REVENUES
IN PER CAPITA AMOUNTS AND
ANNUAL PERCENT CHANGE
BY CITY SIZE

	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982a
Small Cities(n=108)					
Total					
Current Revenue	$291.43	$314.27	$317.40	7.8%	1.0%
1-Property tax	94.25	103.78	107.21	10.1	3.3
2-Other local taxes	62.96	67.71	72.59	7.5	7.2
3-User charges	19.69	22.18	22.72	12.6	2.4
4-Fees & misc.	53.33	54.30	51.55	1.8	-5.1
5-State aid*	44.91	50.74	50.14	13.0	-1.2
6-Federal aid*	16.28	15.56	13.19	4.8	-2.7
Medium Cities(n=65)					
Total					
Current Revenue	343.35	375.78	380.75	9.4	1.3
1-Property tax	127.26	142.62	147.34	12.1	3.3
2-Other local taxes	69.66	75.57	80.12	8.5	6.0
3-User charges	19.22	22.38	24.35	16.4	8.8
4-Fees & misc.	45.93	52.16	47.54	13.6	-8.6
5-State aid*	48.00	50.09	50.41	4.4	0.6
6-Federal aid*	33.28	32.95	30.99	-1.0	-6.0
Large Cities(n=67)					
Total					
Current Revenue	366.40	397.14	397.57	8.4	0.1
1-Property tax	112.67	122.94	124.22	9.1	1.0
2-Other local taxes	80.66	88.47	95.98	9.7	8.5
3-User charges	19.71	22.13	23.48	12.3	6.1
4-Fees & misc.	54.32	57.62	49.51	6.1	-14.1
5-State aid*	62.54	70.48	73.13	12.7	3.8
6-Federal aid*	36.50	35.49	31.24	-2.8	-12.0
Largest Cities(n=44)					
Total					
Current Revenue	503.31	546.85	562.39	8.6	2.8
1-Property tax	114.75	123.77	132.65	7.9	7.2
2-Other local taxes	127.61	141.47	152.78	10.9	8.0
3-User charges	28.07	33.82	36.04	20.5	6.6
4-Fees & misc.	63.93	71.60	73.64	12.0	2.9
5-State aid*	88.42	95.95	97.67	8.5	1.8
6-Federal aid*	80.53	80.24	69.60	-0.4	-13.3
ALL CITIES(n=282)					
Total					
Current Revenue	353.39	383.44	388.27	8.5	1.3
1-Property tax	109.22	120.17	124.23	10.0	3.4
2-Other local taxes	78.58	85.71	92.12	9.1	7.5
3-User charges	20.88	24.01	25.32	15.0	5.5
4-Fees & misc.	53.51	57.25	53.56	7.0	-6.5
5-State aid*	56.44	62.17	62.90	10.2	1.2
6-Federal aid*	34.77	34.13	30.14	-1.8	-11.7

*For operating purposes only
1982a = budgeted or anticipated amounts for Fiscal Year 1982
Numbers may not total due to rounding.

cities, user charges (8.8 percent); in large cities user charges (6.1 percent) and in the largest cities, other local taxes (8.0 percent).

It should be pointed out that these projections were made even before the magnitude and duration of the current recession were readily apparent. And while cities frequently can rely on carry-over balances to bridge the deficits, they cannot continue indefinitely. Therefore, discretionary actions such as service level reductions or tax rate increases may be necessary to avoid or minimize deficits. Thus, just at a time when the national economy is in need of stimulus, local governments (and states as well) may find it necessary to increase tax rates. The effect will be to further deflate the national economy. Since local taxes tend to be more regressive than federal taxes, the large federal tax reductions are being partially offset through increases at the local level and are frequently being translated into additional costs for lower income residents.

Changes in Composition of Current Revenues

According to Table 6, property taxes, the largest single source of own-source local revenues, continued to increase as a proportion of local revenues in all categories of cities except the largest cities in 1981. Despite the popularity of the movement to limit property taxes, and the reduction in the dependence on this source in 1979 as indicated in our 1980 survey, local government reliance on property taxes as its main source of revenue has continued and, in fact, increased in both 1980 and 1981.

Likewise, reliance on user charges has increased for all categories of cities as has other local taxes for medium, large and largest cities. The increased importance of maintaining and restoring the local tax base is made imperative by the significant reduction in Federal aid. As a percent

TABLE 6

PERCENT COMPOSITION OF CURRENT REVENUES
BY CITY SIZE

	1980 (% of Total)	1981 (% of Total)	1982a (% of Total)
Small Cities (n=110)			
Total Current Revenue	100%	100%	100%
1-Property tax	32.3	33.0	33.8
2-Other local taxes	21.6	21.5	22.9
3-User charges	6.8	7.1	7.2
4-Fees & misc.	18.3	17.3	16.2
5-State aid	15.4	16.1	15.8
6-Federal aid	5.6	5.0	4.2
Medium Cities (n=65)			
Total Current Revenue	100%	100%	100%
1-Property tax	37.1	38.0	38.7
2-Other local taxes	20.3	20.1	21.0
3-User charges	5.6	6.0	6.4
4-Fees & misc.	13.4	13.9	12.5
5-State aid	14.0	13.3	13.2
6-Federal aid	9.7	8.8	8.1
Large Cities (n=67)			
Total Current Revenue	100%	100%	100%
1-Property tax	30.8	31.0	31.2
2-Other local taxes	22.0	22.3	24.1
3-User charges	5.4	5.6	5.9
4-Fees & misc.	14.8	14.5	12.5
5-State aid	17.1	17.7	18.4
6-Federal aid	10.0	8.9	7.9
Largest Cities (n=44)			
Total Current Revenue	100%	100%	100%
1-Property tax	22.8	22.6	23.6
2-Other local taxes	25.4	25.9	27.2
3-User charges	5.6	6.2	6.4
4-Fees & misc.	12.7	13.1	13.1
5-State aid	17.6	17.5	17.4
6-Federal aid	16.0	14.7	12.4
ALL CITIES (n=286)			
Total Current Revenue	100%	100%	100%
1-Property tax	30.9	31.3	32.0
2-Other local taxes	22.2	22.4	23.7
3-User charges	5.9	6.3	6.5
4-Fees & misc.	15.1	14.9	13.8
5-State aid	16.0	16.2	16.2
6-Federal aid	9.8	8.9	7.8

1982a = budgeted or anticipated amounts for fiscal year 1982.

of total revenues, Federal aid fell sharply in all categories; but, the cities in the largest category suffered the largest proportional loss (from 16.0 percent in 1980 to 14.7 percent in 1981).

In 1982, all cities are projecting that the proportion of property taxes will once again continue to increase. Similarly, as the importance of Federal aid continues to decline for all cities, it is anticipated that other local taxes and user charges will play a more prominent role in local government finance.

CAPITAL OUTLAYS AND FINANCING

The survey contained questions designed to determine recent trends in city capital outlays and how they are being financed. As in the case of operating expenditures, the distinction was made between general government capital expenditures and those on behalf of city utility enterprise activities. This section discusses only those city capital expenditures associated with activities of a general government nature.

Capital expenditures by responding cities dropped slightly between 1980 and 1981, but it is anticipated that they will rebound in 1982. (See Table 7) For all cities, the average decrease was 1.6 percent between 1980 and 1981, with only small cities registering an increase. Looking forward to 1982, cities of all size categories are projecting increases, with a major upswing foreseen by the largest cities. In view of the continuing pressures on city budgets and the major problems of the bond market over the past two years it is unlikely that the 1982 results will be realized.

In gauging the 1982 projections for capital outlays, it is important to note that cities typically have seen their actual capital spending fall far below their budgeted amounts. As shown in Table 8, actual spending in 1980 was, on average, only 77 percent of that planned. By the same token, funds available for capital purposes were only 85 percent of those budgeted to be available. For 1981, the short-falls were even greater, with expenditures and funds available falling to only 69 and 82 percent, respectively, of the budgeted amounts. Such "undershooting" of the budgeted amounts may stem from several factors, including delays in receipts of grant or borrowed funds, construction delays, tendencies to overestimate the rate of takedown of funds, and perhaps a conscious budget policy of using the capital

TABLE 7

GENERAL GOVERNMENT CAPITAL EXPENDITURES
PER CAPITA
BY CITY SIZE

City Size	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982a
Small Cities (n=103)	$40.94	$44.92	$51.98	9.7%	15.7%
Medium Cities (n=63)	55.64	51.77	71.18	-6.9	37.5
Large Cities (n=62)	64.25	60.79	73.67	-5.4	21.2
Largest Cities (n=38)	75.56	70.92	111.24	-6.2	56.9
ALL CITIES (n=267)	54.93	54.05	70.27	-1.6	30.0

1982a = budgeted or anticipated amounts for fiscal year 1982.

TABLE 8

RATIO OF ACTUAL TO BUDGETED
CAPITAL EXPENDITURES, 1980-1981

City Size	Actual/Budget Capital Expenditures 1980	Actual/Budget Capital Expenditures 1981	Actual/Budget Capital Funds 1980	Actual/Budget Capital Funds 1981
Small Cities (n=100)	.726	.741	.815	.826
Medium Cities (n=58)	.777	.594	.855	.716
Large Cities (n=55)	.807	.774	.864	.820
Largest Cities (n=37)	.680	.619	.781	.709
ALL CITIES (n=250)	.766	.694	.846	.815

Note: Per capita mean actual value divided by per capita mean budget value.

expenditure accounts as a cushion for additional liquidity. Capital expenditures have often been used as a buffer whereby shortfalls in revenues or unforeseen current expenditures can be financed by deferring capital outlays.

If the cities in 1982 achieve only 70 percent of their planned capital outlays (as occurred in 1981) then actual capital outlays would be approximately $49 per capita instead of the $70 as projected. In view of the recent negative trends in state and local construction, such a shortfall appears to be the most likely outcome for city capital spending.

Sources of Capital Expenditure Funds

There are three major ways to finance capital expenditures: current revenues, intergovernmental grants, and borrowing. Beyond this generalization, tracing the mechanics of financing long-term expenditures can become complex. Payments on major capital projects often extend over a long period of time and generally constitute a mix of sources. Their financing presents special opportunities for temporary or interim financing arrangements to take place before the final or definitive method of paying for them is employed.

On the other hand, many capital outlays for equipment and minor facilities are relatively small and recurring, and are typically financed out of current receipts or accumulated reserves. The variety of sources of funds creates special problems for determining how long-lived improvements are financed in any one time period.

Through the years, major capital outlays of city governments, usually involving substantial construction costs, have been financed by long-term

borrowing. A traditional rule of thumb was that 50 percent of the dollar value of major capital outlays was financed by the sale of bonds. During the 1970's, intergovernmental grants -- expecially those from the Federal Government -- came to occupy a major role in capital financing. Analyses in previous surveys have indicated, however, that as Federal aid receded, long-term borrowing as a source of funds for capital outlays is scheduled for a resurgence.

Table 9 provides the percentage composition of financing sources available for city capital outlays for 1979, 1980 and 1981, as reported by the survey. As shown, the sources are divided among borrowing (long- and short-term), intergovernmental payments (State and Federal), current revenues, and reserves of previous revenues (carry-over balances). As may be seen in the table, long-term borrowing has displayed a continuing growth in importance as a source of capital funds, except in the largest cities where it decreased in 1981. Increases are projected for the small and largest cities for 1982. Reliance on Federal aid, which decreased in the small and large cities in 1981, is expected to be reduced in all but the large cities in 1982. Current revenue has declined in importance for all but the largest cities in 1981, and in 1982 the medium and large cities are anticipating a reversal in this trend. Furthermore, smaller units appear to be more reliant on current revenues and reserves, while larger cities are more reliant on intergovernmental aid and borrowing.

Nonetheless, as has been noted in previous surveys, the sources of capital funds have not shown any dramatic shift, either over time or among cities in the survey. Overall, borrowing (long- and short-term) supplies 30 percent of the funds, intergovernmental aid approximately 30 percent,

TABLE 9

GENERAL GOVERNMENT
CAPITAL OUTLAY FINANCING
PERCENT COMPOSITION
BY CITY SIZE

	1980	1981	1982a
Small Cities (n=103)			
1)Short-term Borrowing	4.0%	4.5%	3.4%
2)Long-term Debt Proceeds	19.6	20.3	26.3
3)State Aid (Capital Purposes)	4.1	4.1	5.3
4)Federal Aid (Capital Purposes)	19.6	19.2	15.5
5)Current Revenues	37.8	36.6	34.4
6)Reserve of Previous Revenues	14.9	15.4	15.1
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Medium Cities (n=63)			
1)Short-term Borrowing	8.4	7.2	6.1
2)Long-term Debt Proceeds	13.4	19.8	14.0
3)State Aid (Capital Purposes)	7.1	6.2	7.1
4)Federal Aid (Capital Purposes)	22.8	23.1	21.1
5)Current Revenues	35.8	32.0	39.0
6)Reserve of Previous Revenues	12.6	11.8	12.7
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Large Cities (n=62)			
1)Short-term Borrowing	14.3	12.1	15.5
2)Long-term Debt Proceeds	15.2	38.4	20.9
3)State Aid (Capital Purposes)	7.1	4.4	5.3
4)Federal Aid (Capital Purposes)	28.9	17.6	25.9
5)Current Revenues	20.2	15.0	19.4
6)Reserve of Previous Revenues	14.3	12.6	13.1
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
Largest Cities (n=39)			
1)Short-term Borrowing	1.4	4.0	0.1
2)Long-term Debt Proceeds	33.8	29.0	32.9
3)State Aid (Capital Purposes)	6.8	6.9	6.9
4)Federal Aid (Capital Purposes)	28.7	32.3	28.8
5)Current Revenues	18.4	18.8	16.1
6)Reserve of Previous Revenues	10.9	9.1	15.2
TOTAL CAPITAL FUNDS	100.0	100.0	100.0
ALL CITIES (n=267)			
1)Short-term Borrowing	7.2	7.3	6.4
2)Long-term Debt Proceeds	19.7	27.2	23.4
3)State Aid (Capital Purposes)	6.1	5.1	6.0
4)Federal Aid (Capital Purposes)	24.5	21.7	22.2
5)Current Revenues	29.2	26.0	28.0
6)Reserve of Previous Revenues	13.5	12.8	14.1
TOTAL CAPITAL FUNDS	100.0	100.0	100.0

1982a = budgeted or anticipated amounts for fiscal year 1982.

NOTE: Categories may not sum to totals due to rounding.

and current revenues and reserves the remaining 40 percent, on average, for the responding cities.

ENTERPRISE FUND FINANCES

The survey contained questions designed to determine recent trends in city enterprise fund activities. Enterprise activities, as defined in the survey, are those government functions that are generally self-supporting through user charges (as opposed to general government revenues), are operated by the city, and are accounted for in separate enterprise or special utility funds. Common city enterprise functions are water and sewer (when funded by user charges), electric, gas, airports, parking lots, and local transit. This section discusses city enterprise receipts and outlays for both operating and capital activities.

Table 10 gives the average per capita total receipts and outlays for enterprise activities for the 245 respondents reporting such activities. Total receipts, including borrowing proceeds, grew by 10.5 percent between 1980 and 1981, with a strong growth in current operating revenues offsetting declines in Federal and state aid and borrowing proceeds. Meanwhile, total outlays (excluding depreciation) grew much more rapidly, going up by nearly 21 percent. It is anticipated that 1981-1982 will reverse those trends, with total outlays growing somewhat more slowly than revenues.

Focusing on total receipts and outlays of enterprise funds can be misleading, however. Enterprises receive revenues from a variety of sources, including user charges, grants from States and the Federal government, and other miscellaneous receipts. Furthermore, most capital spending by enterprises is financed by long-term borrowing or grants in aid. Because these government entities conduct activities on a self-supporting basis, particular attention is given to operating revenues

TABLE 10

ENTERPRISE FUND
TOTAL RECEIPTS AND OUTLAYS PER CAPITA
ALL CITIES (n=245)

	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982a
Revenues & Receipts					
Total Revenues & Receipts	$221.04	$244.33	$277.83	10.5%	13.7%
1-Operating Revenues	161.37	188.16	217.58	16.6	15.6
2-State Aid	2.61	2.29	3.60	-12.3	57.4
3-Federal Aid	14.54	13.74	12.75	-5.5	-7.2
4-Other Revenues	16.82	18.69	15.25	11.1	-18.3
5-Borrowing Proceeds	25.70	21.46	28.65	-16.5	33.5
Expenditures & Payments 1/					
Total Expenditures & Payments	$208.63	$252.01	$283.36	20.7%	12.4%
1-Operating Expenses	131.82	154.31	185.60	17.1	20.4
2-Interest Expense	11.36	11.88	13.38	4.6	12.6
3-Capital Expense	54.01	67.97	56.74	25.9	-16.5
4-Debt Repayment	10.45	17.85	27.55	71.8	54.4

1982a = budgeted or anticipated amounts for fiscal year 1982.

1/ Does not include depreciation expenses (if taken), which amounted to $12.98, $14.46, and $12.81 for the three years, respectively.

derived from the performance of services in relationship to those recurring expenses needed to pay for day-to-day operations. Thus, the questionnaire was designed to derive a net current operating revenue figure for the enterprise fund. Changes in net operating revenue give a good indication of how well current charges for services are keeping pace with the current expenditures incurred in providing them.

Table 11 gives the operating revenues, operating expenditures and net revenues per capita for the cities in the survey. Overall operating revenues in 1981 grew fastest for the small and largest cities, as did net revenues. For all cities, except those in the large category net revenues improved through 1981, for an average increase of 20.8 percent. Unfortunately 1982 is projected to be a different picture. Operating revenues are projected to grow at 15.6 percent, but expenditures are seen to escalate at 19.8 percent, with particularly rapid growth in the small city category. As a result, cities on average are foreseeing net revenues decline by 15.7 percent from the levels of 1981.

The decline in the overall current position of the enterprise fund is also illustrated by the upward trend of the enterprise fund operating ratio (enterprise operating expenditures divided by operating revenue -- see Table 12). The operating ratio for the enterprise fund increases because the operating expenditures are increasing at a faster rate than the operating revenues. As may be seen, operating ratios improved slightly in 1981, but are expected to rise in 1982. The largest cities are expecting the ratio to increase to 0.96 in 1982. But the extent that the increase in expenses is greater than expected in 1982 (or if the trend continues in future years), the largest city enterprise funds, on average, could be

TABLE 11

ENTERPRISE FUND OPERATING REVENUES, OPERATING EXPENSES AND NET OPERATING REVENUES PER CAPITA BY CITY SIZE

	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982a
Small Cities (n=89)					
Operating Revenues	$215.34	$252.98	$303.51	17.5%	20.0%
Operating Expenditures 1/	186.58	215.50	274.22	15.5	27.2
Net Revenues	28.76	37.48	20.29	30.3	-22.9
Medium Cities (n=54)					
Operating Revenues	124.76	143.05	157.21	14.7	9.9
Operating Expenditures	108.73	126.77	139.28	16.6	9.9
Net Revenues	16.03	16.28	17.93	1.6	10.1
Large Cities (n=62)					
Operating Revenues	122.99	140.17	161.84	14.0	15.5
Operating Expenditures	111.87	129.57	151.73	15.8	17.1
Net Revenues	11.12	10.60	10.11	-5.4	-4.8
Largest Cities (n=39)					
Operating Revenues	150.20	179.22	194.26	19.3	8.4
Operating Expenditures	141.60	166.43	185.95	17.5	11.7
Net Revenues	10.60	12.79	8.37	20.1	-34.6
ALL CITIES (n=245)					
Operating Revenues	161.37	188.16	217.58	16.6	15.6
Operating Expenditures	143.18	166.19	199.07	16.7	19.8
Net Revenues	18.19	21.98	18.51	20.8	-15.7

1982a = budgeted or anticipated amounts for fiscal year 1982.

1/ Includes interest payments.

TABLE 12

ENTERPRISE FUND OPERATING RATIO
(OPERATING EXPENDITURES DIVIDED BY OPERATING REVENUE)
BY CITY SIZE

City Size	1980	1981	1982a
Small Cities (n=89)	.87	.85	.90
Medium Cities (n=54)	.87	.89	.89
Large Cities (n=62)	.91	.92	.94
Largest Cities (n=39)	.94	.93	.96
ALL CITIES (n=245)	.89	.88	.91

1982a = budgeted or anticipated amounts for fiscal year 1982.

operating at a deficit. A remedy in such situations is to raise charges or defer capital and maintenance outlays.

City enterprises are typically heavy users of capital funds and make substantial capital outlays. (In fact, the average city per capita outlay in 1981 for enterprise functions was $68, or $14 more than the $54 per capita in spending on general government capital purposes, as was reported above.) As may be seen in Table 13, there were major increases in capital spending by enterprises in 1981, especially by small cities. However, projected outlays for 1982 mark a cutback to lower levels (an 8 percent reduction, on average). This cutback may be attributable to the adverse trend in operating ratios, expected reductions in Federal grants, and to advance bond market conditions.

TABLE 13

ENTERPRISE FUND CAPITAL OUTLAYS
PER CAPITA
BY CITY SIZE

City Size	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982a
Small Cities (n=89)	$68.14	$87.07	$51.81	27.8%	-40.5%
Medium Cities (n=54)	36.96	46.71	54.15	23.3	15.9
Large Cities (n=62)	55.14	62.04	64.74	12.5	4.4
Largest Cities (n=39)	57.33	63.37	58.80	10.5	-7.2
ALL CITIES (n=245)	54.01	67.97	56.74	18.3	-8.0

1982a = budgeted or anticipated amounts for fiscal year 1982.

LONG-TERM BORROWING AND DEBT OUTSTANDING

Cities in the survey were asked to identify the amount of long-term debt outstanding by type of security and by whether it was incurred for general government or enterprise purposes. (Long-term debt is defined as that having an original maturity of one-year or more.) Classifying city debt can be complex because of the types of securities used to finance such purposes. Although most general government purpose long-term debt consists of tax-supported general obligations, some limited-obligation "revenue bond" borrowing is done for general government purposes. Likewise, some general obligation debt is reportedly sold for enterprise purposes, the revenues of which may or may not support its repayment.

Table 14 provides per capita long-term indebtedness figures for general government and enterprise activities. The per capita average indebtedness increases with the size of the city in the general government category of debt. Enterprise debt, however, is not so systematically related to size and is of relatively greater importance to the small governments.

The trends in average per capita indebtedness shown in Table 14 reflect a continuation of those seen in early reports: very slow growth or declines in general government indebtedness and more rapid growth in the enterprise category. The prospects for 1982, however, show only a slight increase in both forms of indebtedness and a slowing-down of enterprise liabilities from the rapid growth of the late '70's and early '80's.

The relative large increases in general government debt envisioned by the small and largest cities seemingly agrees with their relatively greater reliance on borrowing to support capital outlays. By the same token, the

TABLE 14

LONG-TERM DEBT
OUTSTANDING AT END OF YEAR
($ Per Capita)

	1979	1980	1981	1982a	% Change 1979-80	% Change 1980-81	% Change 1981-82a
Small Cities							
General Gov(n=100)	165.12	169.97	170.74	178.07	2.9%	.5%	4.3%
Enterprise(n=80)	247.53	283.29	310.57	319.64	14.5	9.6	2.9
Medium Cities							
General Gov(n=54)	209.82	210.10	202.81	194.75	.1	-3.5	-4.0
Enterprise(n=46)	188.55	218.83	201.55	202.03	16.1	-7.9	0.2
Large Cities							
General Gov(n=63)	223.52	230.68	229.18	226.67	3.2	-.6	-1.1
Enterprise(n=58)	221.92	245.86	261.13	171.83	10.8	6.2	4.1
Largest Cities							
General Gov(n=44)	307.15	313.83	322.28	341.36	2.2	2.7	5.9
Enterprise(n=41)	304.32	325.72	345.28	343.81	7.0	6.0	-.4
ALL CITIES							
General Gov(n=261)	212.41	217.19	217.03	220.78	2.4	-.1	1.7
Enterprise(n=225)	239.21	268.20	281.86	287.67	12.1	5.1	2.1

1982a = budgeted or anticipated amounts for fiscal year 1982.

slow-down in enterprise indebtedness in 1981 and anticipated to continue into 1982 agrees with the drop-off in enterprise capital spending this year.

As part of the questionnaire, the cities were asked if any long-term bond issues were delayed or cancelled during 1981 and, if so, to describe the size and type of security of the contemplated borrowing, and the reason for its delay. A total of 26 units reported that they had experienced delays or abandonments on a total of 73 long-term bond issues during the year. A summary of the results is shown in Table 15. Of the total of $685.2 million in borrowings reported as side-tracked, the great preponderance, 59 issues representing $569.8 million, appeared to have been caused by high and rising interest rates, including $41.5 million (9 issues) where the delays and cancellations were caused by legal ceilings on rates of interest that could be paid. This outcome is not surprising in view of the turbulent borrowing conditions last year in the municipal bond market. By the fall of 1981, the generally followed municipal bond market indices were at all-time record highs, with 20-year bonds carrying interest rates in the mid-teens.

Examination of the underlying data indicate that $56.3 million of the $570 million interest-rate-related delays in 1981 represented carry-overs from postponements initiated in 1980 or before. Furthermore, since only $12 million of the $570 million represented temporary delays where the bonds were successfuly sold before the end of the year, $558 million in unsatisfied borrowing was carried over into 1982.

Table 16 displays the dollar volume of those delays and cancellations occurring in 1981 compared to actual new long-term borrowing by respondent

TABLE 15

LONG-TERM DEBT ISSUES DELAYED OR CANCELLED
DURING 1981 BY TYPE
(dollars in millions)

TYPE OF BOND ISSUE	No. of Issues	Issue Amount	REASON FOR DELAY OR CANCELLATION: Interest Rates*	Other
Small Cities:				
General Obligation	10	$ 38.9	$ 32.4	$ 6.5
Revenue	5	11.6	3.6	8.0
Medium Cities:				
General Obligation	2	5.0	5.0	-0-
Revenue	5	17.0	14.5	2.5
Large Cities:				
General Obligation	24	215.6	202.9	12.7
Revenue	10	62.1	59.6	2.5
Largest Cities:				
General Obligation	12	217.2	201.3	15.9
Revenue	5	117.8	50.5	67.3
ALL CITIES:				
General Obligation	48	476.7	441.5	35.1
Revenue	25	208.5	128.2	80.3
TOTAL ALL TYPES	73	$685.2	$569.8	$115.4

NOTE: Totals may not add due to rounding.
*Interest rates include issues delayed or cancelled as a result of legal limit on interest rates.

cities during fiscal year 1981. (Since many of the cities are not on a calendar-year fiscal year, the period of postponements and cancellations is not directly coterminous with that of borrowing.) The dollar volume of borrowing by respondent cities was $3.7 billion, of which $1.3 billion represented borrowing by New York City alone. To get a measure of the severity of the disruption in borrowing plans caused by tight credit conditions, the dollar volume of delays and cancellations is shown as a percentage of actual borrowing accomplished, by size of city and type of security.

Cities of all sizes saw their long-term borrowing disrupted by high interest rates. The large cities were particularly hard-hit, with reported cancellations and postponements being equal to nearly 60 percent of the borrowing that respondents actually accomplished in 1981. While the largest cities appeared not so drastically affected, that result is heavily affected by the presence of New York City's large borrowings. Excluding New York City, the largest cities had postponements and cancellations equal to 15.0 percent of their borrowing plans. Overall for the respondents, delayed or cancelled issues equaled 15.5 percent of actual borrowings if New York City is included, and 24 percent if it is not.

Also depicted in Table 16 is the relative impact of interest-rate-related delays by type of security, general obligation versus revenue bonds. As may be seen, the general obligation -- typically tax-supported and subject to greater restrictions -- was more prone to be pulled back than was typically self-supporting, less restricted revenue security type. In fact (excluding New York City) postponed and cancelled long-term borrowings were equal to almost 40 percent of actual borrowings.

TABLE 16

DOLLAR VOLUME LONG-TERM BONDS
DELAYED OR CANCELLED BECAUSE OF
HIGH INTEREST RATES
BY RESPONDENT CITIES DURING 1981,
BY CITY SIZE AND SECURITY TYPE

City Size	Actual borrowing (Fiscal 1981)	Delayed or Cancelled	Delayed or Cancelled as a % of Borrowing
Small Cities	$162.1	$36.0	22.2%
Medium Cities	82.0	19.5	23.8
Large Cities	450.2	262.5	58.3
Largest Cities	2985.9	251.8	8.4
x NYC 1/	(1678.9)	(251.8)	(15.0)
TOTAL	3680.2	570.0	15.5
x NYC 1/	(2373.2)	(570.0)	(24.0)
Security Type			
General Obligation	2414.2	439.7	18.2
x NYC 1/	(1107.1)	(439.7)	(39.7)
Revenue	1266.0	130.3	10.2

1/ Omitting New York, which reported $1307.0 million in general obligation borrowing in 1981 for general government purposes. The City of New York reported no postponements or cancellations.

CHANGES IN WORKFORCE

Respondents were asked to report the average number of employees on their payroll in 1980, 1981 and 1982 anticipated on the basis of full-time permanent and part-time (including seasonal and CETA) employees.

In each size category, total employment declined between 1980-1981 (see Table 17). The average decline for all cities was 0.7 percent. This follows on the heels of declining employment in 1980 (as reported in our 1981 survey) and little or no employment growth the previous year.

Results for full-time employment were mixed. Both small and largest cities realized modest increases in their full-time permanent workforces, with increases of 0.7 percent and 1.2 percent respectively. However, full-time employment dropped 1.6 percent and 0.5 percent for the medium and large cities. For all cities, the average was a 0.8 percent increase. Large employment reductions were experienced in the part-time and seasonal workforces by cities of all sizes. The average reduction in the part-time workforce for all cities was 14.8 percent

For 1982, cities of all sizes, on average, are projecting reductions in their total workforces. The largest percent reduction is anticipated in the large cities (-4.2 percent). Again, the part-time workforce is expected to bear the brunt of the reductions. The large and largest cities are projecting the steepest reductions (-25.0 percent and -30.4 percent respectively). It appears that cities have been unable to continue to employ former CETA workers, except in the largest cities where the

TABLE 17

CHANGES IN WORKFORCE
BY CITY SIZE

	1980	1981	1982a	% Change 1980-1981	% Change 1981-1982
Small Cities (n=114)					
Full-time Permanent	291	293	293	0.7	0.0
Part-time (Seasonal and CETA)	54	47	44	-13.0	-6.4
Total Employees	345	340	337	-1.4	-0.9
Medium Cities (n=65)					
Full-time Permanent	750	738	732	-1.6	-0.8
Part-time (Seasonal and CETA	146	130	116	-11.0	-10.8
Total Employees	896	868	848	-3.1	-2.3
Large Cities (n=69)					
Full-time Permanent	1917	1916	1904	-0.5	-0.6
Part-time (Seasonal and CETA)	388	328	246	-15.5	-25.0
Total Employees	2305	2244	2150	-2.6	-4.2
Largest Cities (n=43)					
Full-time Permanent	14543	14715	14991	1.2	1.9
Part-time (Seasonal and CETA)	1129	955	665	-15.4	-30.4
Total Employees	15672	15670	15656	-0.01	-0.09
ALL CITIES (n=291)					
Full-time Permanent	2885	2908	2945	0.8	1.3
Part-time (Seasonal and CETA)	313	266	199	-14.8	-25.1
Total Employees	3198	3174	3144	-0.7	-0.9

1982a = budgeted or anticipated amounts for fiscal year 1982.

numerical increase in full-time permanent workers approximately offset the reduction in part-time workers in 1981.

APPENDIX I

WITNESS LIST

URBAN POLICY HEARINGS

July 13: The Administration's National Urban Policy Report

Roy Bahl (Professor of Economics and Director, Metropolitan Studies Program, Syracuse University)
Robert C. Embry, Jr. (Consultant; Baltimore, Maryland)
Milton Kotler (Vice President, Center for Responsive Governance)
Hon. Samuel R. Pierce, Jr. (Secretary, U.S. Department of Housing and Urban Development)
Hon. Charles Royer (Mayor of Seattle, Washington and First Vice President National League of Cities)

July 14: Life in Urban America

Phillip Clay (Assistant Director, Harvard-MIT Joint Center for Urban Studies)
Ronald Edmonds (Professor of Education, Michigan State University)
Deborah Jackson (Senior Researcher, ABT Associates)
John Jacob (President, National Urban League)
Gerald Jaynes (Associate Professor of Economics, Yale University)
Isabelle Sawhill (Economist, The Urban Institute)
George Sternlieb (Director, Center for Urban Policy Research, Rutgers University)
Hon. Coleman Young (Mayor of Detroit, Michigan and President, U.S. Conference of Mayors)

July 15: Reform of Government Structures and Intergovernmental Relations

John DeGrove (Director, Joint Center for Environmental and Urban Programs, Florida Atlantic & Florida International Universities)
Irving Hand (Director, Institute of State & Regional Affairs, Pennsylvania State University)
Annmarie Walsh (President, Institute of Public Administration)
Charles Warren (Senior Research Associate, National Academy of Public Administration)

July 19: Public-Private Cooperation in Urban Economic Development

Hon. Ruth Yannatta Goldway (Mayor of Santa Monica, California)
Hon. Patricia Roberts Harris (Former Secretary, U.S. Department of Housing and Urban Development)
Thomas Muller (Principal Researcher, The Urban Institute)
William C. Norris (Chairman, Control Data Corporation)
James Rouse (Chairman, Rouse Company)

July 20: The Outlook for State and Local Government Finance

Philip Braverman (Vice President, Chase Manhattan Bank, N.A.)
Hon. Richard Carver (Mayor of Peoria, Illinois)
J. Chester Johnson (President, Government Finance Associates Inc.)
Hon. Daniel Patrick Moynihan (Senator, New York)
John Petersen (Director, Government Finance Research Center, Municipal Finance Officers Association)
Felix Rohatyn (Lazard Freres)
John Shannon (Assistant Director, Advisory Commission on Intergovernmental Relations)

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION GROUP 10,000 THRU 49,999

ALABAMA
- ANNISTON
- GADSDEN
- OPELIKA

ALASKA
- JUNEAU

ARIZONA
- CASA GRANDE
- FLAGSTAFF
- SIERRA VISTA

ARKANSAS
- WEST MEMPHIS

CALIFORNIA
- BEVERLY HILLS
- CARLSBAD
- CORONA
- COVINA
- GARDENA
- GLENDORA
- MANHATTAN BEACH
- PACIFICA
- PIEDMONT
- PITTSBURG
- PLACENTIA
- REDDING
- RIALTO
- ROSEVILLE
- SEAL BEACH
- SOUTH SAN FRANCISCO
- WOODLAND
- YUBA

COLORADO
- LITTLETON
- LONGMONT

CONNECTICUT
- EAST HAVEN

FLORIDA
- BELLE GLADE
- COCOA
- FORT MYERS
- LAKELAND
- LEESBURG
- MELBOURNE
- OCALA
- PINELLAS PARK
- PLANTATION
- SOUTH MIAMI

GEORGIA
- FOREST PARK
- TIFTON
- VALDOSTA

ILLINOIS
- BLOOMINGTON
- ELMWOOD PARK
- LAKE FOREST
- NORTH CHICAGO
- ST CHARLES
- WHEATON

KANSAS
- OLATHE

KENTUCKY
- NEWPORT
- RICHMOND

MARYLAND
- HYATTSVILLE
- ROCKVILLE

MASSACHUSETTS
- CHELSEA
- FOXBOROUGH
- LEXINGTON
- MARLBOROUGH

MICHIGAN
- BATTLE CREEK
- ESCANABA
- GROSSE POINTE PARK
- MONROE
- MUSKEGON
- RIVERVIEW
- TRENTON

MINNESOTA
- BROOKLYN PARK
- BURNSVILLE
- HASTINGS
- MINNETONKA
- PLYMOUTH
- ST LOUIS PARK

MISSOURI
- CLAYTON
- CRESTWOOD

NEBRASKA
- BELLEVUE

NEVADA
- NORTH LAS VEGAS

NEW JERSEY
- HACKENSACK
- MOUNT LAUREL
- NEW HANOVER
- SCOTCH PLAINS

NEW MEXICO
- ALAMOGORDO

NEW YORK
- LACKAWANNA
- PORT CHESTER

NORTH CAROLINA
- ALBEMARLE
- MORGANTON
- WILMINGTON
- WILSON

NORTH DAKOTA
- JAMESTOWN

OHIO
- BEDFORD
- BRUNSWICK
- CENTERVILLE
- ROCKY RIVER
- WEST CARROLLTON

OKLAHOMA
- EDMOND
- SAND SPRINGS

OREGON
- BEAVERTON
- BEND
- HILLSBORO

PENNSYLVANIA
- HAMPTON

RHODE ISLAND
- COVENTRY

SOUTH CAROLINA
- ROCK HILL

TENNESEE
- GALLATIN
- KINGSPORT

TEXAS
- BENBROOK
- BIG SPRING
- DENTON
- HURST
- LUFKIN
- SWEETWATER
- VERNON
- WHITE SETTLEMENT

UTAH
- BOUNTIFUL

VIRGINIA
- SALEM
- VIENNA

WASHINGTON
- ELLENSBURG

WISCONSIN
- BELOIT
- OSHKOSH

WYOMING
- GILLETTE
- GREEN RIVER

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION GROUP 50,000 THRU 99,999

ALABAMA
- TUSCALOOSA

ARIZONA
- SCOTTSDALE

CALIFORNIA
- BELLFLOWER
- CARSON
- CHULA VISTA
- COMPTON
- DOWNEY
- EL MONTE
- FOUNTAIN VALLEY
- INGLEWOOD
- LA MESA
- LAKEWOOD
- NEWPORT BEACH
- OCEANSIDE
- ORANGE
- REDWOOD
- SALINAS
- SAN MATEO
- SANTA CLARA
- WEST COVINA
- WESTMINSTER

COLORADO
- FORT COLLINS

CONNECTICUT
- EAST HARTFORD
- GREENWICH
- NEW BRITAIN

FLORIDA
- PENSACOLA

ILLINOIS
- ARLINGTON HEIGHTS
- DES PLAINES
- EVANSTON
- SKOKIE

INDIANA
- HAMMOND

IOWA
- DUBUQUE
- SIOUX CITY
- WATERLOO

KANSAS
- OVERLAND PARK

LOUISIANA
- LAFAYETTE
- MONROE

MASSACHUSETTS
- CAMBRIDGE
- FALL RIVER
- PITTSFIELD
- WEYMOUTH

MICHIGAN
- PONTIAC
- REDFORD
- ROYAL OAK
- SAGINAW
- TROY

MINNESOTA
- ROCHESTER

MISSOURI
- COLUMBIA

NEW JERSEY
- HAMILTON

NEW YORK
- MOUNT VERNON

NORTH CAROLINA
- HIGH POINT

OHIO
- PARMA

OKLAHOMA
- ENID
- LAWTON

PENNSYLVANIA
- ABINGTON
- LOWER MERION
- PENN HILLS

RHODE ISLAND
- PAWTUCKET

TEXAS
- ABILENE
- BROWNSVILLE
- GRAND PRAIRIE
- ODESSA

WASHINGTON
- EVERETT

WISCONSIN
- WAUWATOSA
- WEST ALLIS

WYOMING
- CASPER

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION GROUP 100,000 THRU 249,999

ALABAMA
- HUNTSVILLE
- MOBILE

ALASKA
- ANCHORAGE

ARIZONA
- MESA
- TEMPE

ARKANSAS
- LITTLE ROCK

CALIFORNIA
- BAKERSFIELD
- FREMONT
- FRESNO
- GARDEN GROVE
- HUNTINGTON BEACH
- MODESTO
- PASADENA
- SAN BERNARDINO
- SANTA ANA
- STOCKTON
- SUNNYVALE

COLORADO
- COLORADO SPRINGS
- LAKEWOOD
- PUEBLO

CONNECTICUT
- BRIDGEPORT
- HARTFORD

FLORIDA
- FORT LAUDERDALE
- HOLLYWOOD
- ST PETERSBURG

GEORGIA
- COLUMBUS
- MACON

IDAHO
- BOISE

ILLINOIS
- PEORIA
- SPRINGFIELD

INDIANA
- EVANSVILLE
- FORT WAYNE
- GARY

IOWA
- CEDAR RAPIDS
- DAVENPORT
- DES MOINES

LOUISIANA
- BATON ROUGE
- SHREVEPORT

MASSACHUSETTS
- WORCESTER

MICHIGAN
- STERLING HEIGHTS

MISSISSIPPI
- JACKSON

MISSOURI
- INDEPENDENCE
- SPRINGFIELD

NEBRASKA
- LINCOLN

NEVADA
- LAS VEGAS
- RENO

NEW JERSEY
- ELIZABETH

NEW YORK
- ALBANY
- ROCHESTER

NORTH CAROLINA
- GREENSBORO
- RALEIGH
- WINSTON SALEM

OHIO
- AKRON
- DAYTON

PENNSYLVANIA
- ALLENTOWN

SOUTH CAROLINA
- COLUMBIA

TEXAS
- AMARILLO
- ARLINGTON
- CORPUS CHRISTI
- GARLAND
- WACO

UTAH
- SALT LAKE CITY

VIRGINIA
- CHESAPEAKE
- HAMPTON
- NEWPORT NEWS
- PORTSMOUTH
- RICHMOND
- ROANOKE

WASHINGTON
- SPOKANE
- TACOMA

WISCONSIN
- MADISON

CITIES RESPONDING TO THE JOINT ECONOMIC COMMITTEE QUESTIONNAIRE
LISTED ALPHABETICALLY BY STATE WITHIN POPULATION SIZE GROUPS
POPULATION GROUP 250,000 & OVER

ALABAMA
- BIRMINGHAM

ARIZONA
- PHOENIX
- TUCSON

CALIFORNIA
- LONG BEACH
- LOS ANGELES
- OAKLAND
- SACRAMENTO
- SAN DIEGO
- SAN FRANCISCO
- SAN JOSE

COLORADO
- DENVER

FLORIDA
- JACKSONVILLE
- MIAMI
- TAMPA

GEORGIA
- ATLANTA

HAWAII
- HONOLULU

ILLINOIS
- CHICAGO

KANSAS
- WICHITA

KENTUCKY
- LOUISVILLE

LOUISIANA
- NEW ORLEANS

MARYLAND
- BALTIMORE

MICHIGAN
- DETROIT

MINNESOTA
- MINNEAPOLIS
- ST PAUL

MISSOURI
- KANSAS
- ST LOUIS

NEBRASKA
- OMAHA

NEW JERSEY
- NEWARK

NEW MEXICO
- ALBUQUERQUE

NEW YORK
- BUFFALO
- NEW YORK

NORTH CAROLINA
- CHARLOTTE

OHIO
- CLEVELAND
- COLUMBUS
- TOLEDO

OKLAHOMA
- TULSA

OREGON
- PORTLAND

PENNSYLVANIA
- PHILADELPHIA

TENNESEE
- MEMPHIS
- NASHVILLE

TEXAS
- AUSTIN
- DALLAS
- HOUSTON
- SAN ANTONIO

VIRGINIA
- NORFOLK
- VIRGINIA BEACH

WISCONSIN
- MILWAUKEE

APPENDIX III

GLOSSARY

Accounts Payable -- Liabilities on open account owed to private persons or businesses for goods and services received by a government unit (but not including amounts due other funds of the same government unit).

Bond Funds -- Funds established to account for the proceeds of bond issues pending their disbursements.

Capital Expenditures (outlays) -- Direct expenditures for construction of buildings, roads and other improvements, and for purchases of equipment, land, and existing structures. Includes amounts for additions, replacement, and major alterations to fixed works and structures. However, expenditures for repairs of such works and structures are classified as current operating expenditures.

Capital Project Fund -- A fund created to account for acquisition of fixed assets by a governmental unit (excluding those financed by enterprise funds).

Carry-Over Balances -- Fund balances from prior year available to support expenditures in current period.

Current Assets -- Those assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

Debt Service -- The amount of money necessary to pay the interest on the outstanding debt and the principal of maturing bonded debt (not payable from a Sinking Fund) or to provide a Sinking Fund for the redemption of bonds payable from this fund.

Enterprise Activities -- As defined here, these are government functions that are generally self-supporting through user charges (as opposed to general government revenues) and that are operated by the city, and accounted for in enterprise or special utility funds. Common city enterprise functions are water and sewer (when funded by user charges), electric, gas, airports, and local transit.

Enterprise Fund -- To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for

capital maintenance, public policy, management control, accountability, or other purposes.

General Fund -- The fund that is available for any legally authorized purpose and that is, therefore, used to account for all revenues and all activities not provided for in other funds. The General Fund is used to finance the ordinary operations of a governmental unit.

General Government Activities -- Basic services that are primarily financed by general revenues, e.g., police and fire, health and hospitals, sewerage, sanitation, education, streets, parks and recreation, courts, and general administration.

General Obligation Debt -- Debt for whose payment the full faith and credit of the issuing body is pledged. General obligation debts are considered to be those payable from taxes and other general revenues.

Internal Service Funds -- To account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Limited Liability Debt -- Debt, the principal of and interest on which are to be paid solely from a specific source (such as the service enterprise). Such debt does not represent an obligation against a city's general revenue.

Long-Term Debt -- Debt payable more than one year after date of issue.

Operating Expenditures -- Expenditures for compensation, supplies, materials, and contract services that are used in current operations. Not included in this is the expenditure for capital or fixed assets.

Original Budget -- The amount budgeted at the beginning of the fiscal year and prior to any amendments that have occurred during that year.

Permanent Employee -- Those employees who are employed by the municipality on a continuous full-time basis, not those funded by CETA, nor those who are considered part-time or seasonal employees.

Sanitation (other than sewage) -- Street cleaning, and collection and disposal of garbage and other waste.

Short-Term Debt Outstanding -- Interest-bearing debt payable within one year from date of issue, such as bond anticipation notes, revenue anticipation notes, and tax anticipation notes and warrants. Includes obligations having no fixed maturity date if payable from a tax levied for collection in the year in their issuance.

Sinking Fund -- A fund established for periodical contribution (and earnings thereon) to provide for the retirement of outstanding debt specified to be retired from such funds.

Transfers (interfund transfers) -- Amounts transferred from one fund to another.

APPENDIX IV

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1980

	Mean	Cumulative Average	Median
Total Current Revenues:	$353	$625	$281
Property tax	109	156	66
Other local taxes	79	170	67
User charges	21	32	12
Fees & misc.	54	59	42
State aid	56	110	35
Federal aid	35	98	21
General Current Expenditures1/	339	640	264
General Capital Outlay	55	71	39
Enterprise Activities:			
Operating Revenues	161	157	82
Operating Expenditures 2/	143	151	69
Net Operating Income	18	7	13
Capital Outlays	54	48	15
General Debt (BOY)	212	481	128
Enterprise Debt	239	289	55

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.

Note: The mean represents the arithmetic average of per capita amounts for respondent cities. The Cumulative (or Weighted) Average is the dollar aggregate total of a financial item divided by the aggregate population of all responding units. The Median is the value of an item at the mid-point of the respondents below and above which half the reported values fall.

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1981

	Mean	Cumulative Average	Median
Total Current Revenues:	$383	$675	$307
Property tax	120	166	77
Other local taxes	85	194	74
User charges	24	37	13
Fees & misc.	57	64	46
State aid	62	118	37
Federal aid	34	97	20
General Current Expenditures1/	369	665	290
General Capital Outlay	54	76	42
Enterprise Activities:			
Operating Revenues	188	182	93
Operating Expenditures 2/	166	174	78
Net Operating Income	22	9	15
Capital Outlays	68	53	19
General Debt (BOY)	217	474	126
Enterprise Debt (BOY)	268	317	56

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.

COMPARATIVE STATISTICS
FOR RESPONDENT CITIES
CALCULATED BY MEAN, CUMULATIVE AVERAGE,
AND MEDIAN PER CAPITA DOLLARS--1982 ANTICIPATED

	Mean	Cumulative Average	Median
Total Current Revenues:	$388	$700	$316
Property tax	124	176	83
Other local taxes	92	203	75
User charges	25	39	15
Fees & misc.	54	66	41
State aid	63	125	34
Federal aid	30	91	18
General Current Expenditures1/	398	708	317
General Capital Outlay	70	112	46
Enterprise Activities:			
Operating Revenues	217	203	106
Operating Expenditures 2/	199	196	90
Net Operating Income	18	7	6
Capital Outlays	57	54	16
General Debt (BOY)	217	481	121
Enterprise Debt (BOY)	282	330	67

1/ Includes general operating expenditures and debt service.
2/ Includes interest cost.